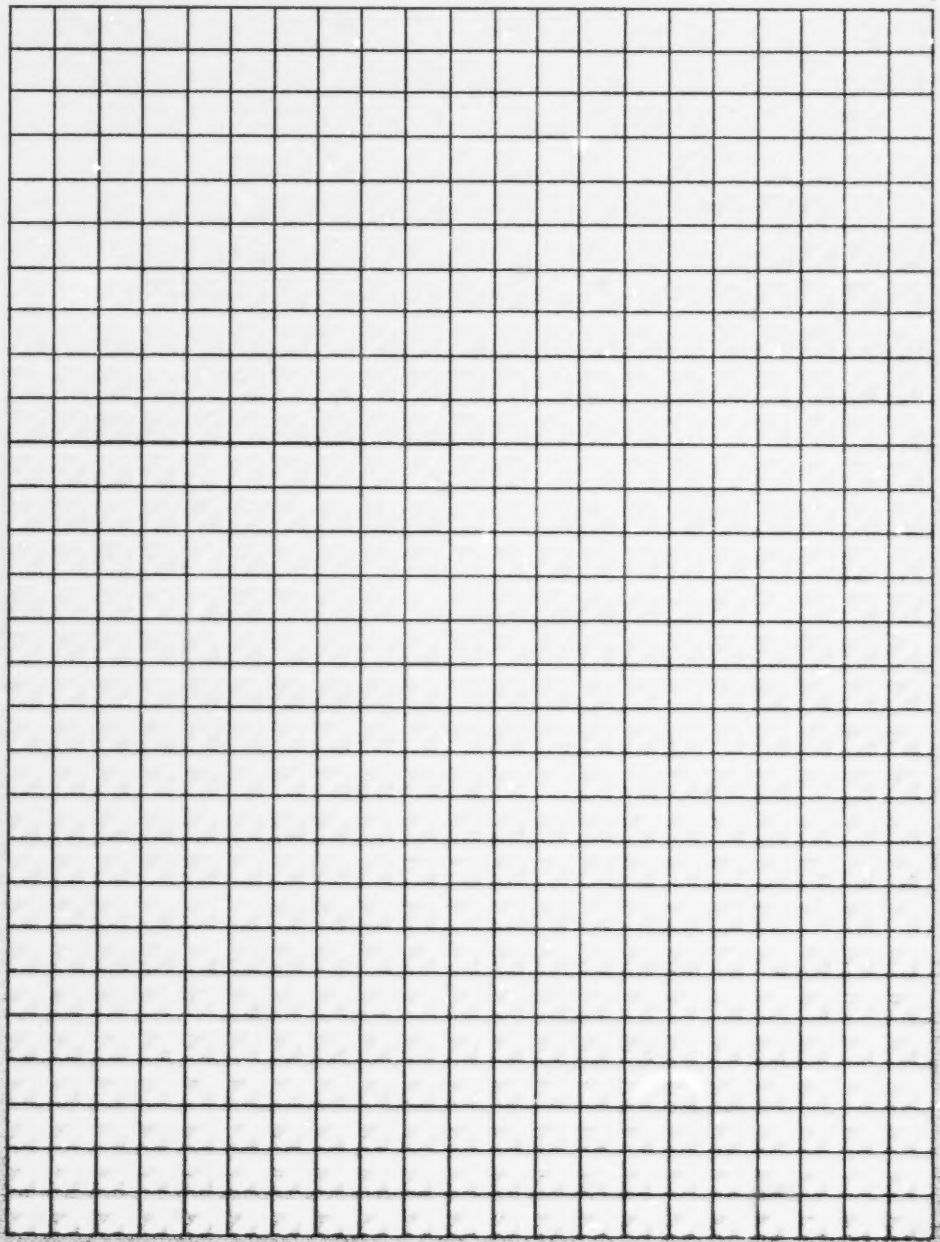
Small Business Development Corporation

Annual Report

For the year ended March 31, 1986



Department of Development

Nova Scotia

Chairman's Report

Small Business
Development Corporation

Nova Scotia

Department of Development

Small Business
Development Corporation

Suite 100
Dartmouth Professional Centre
277 Pleasant Street
Dartmouth, Nova Scotia
B2Y 4B7

Telex 019 22548 Cable Devns
Telephone (902) 424-4920

Our file no

September 22, 1986

The Honourable Roland J. Thornhill
Minister of Development
Nova Scotia Department of Development
Province of Nova Scotia
Halifax, Nova Scotia

Dear Mr. Minister:

I am pleased to present, on behalf of the Board of Directors of the Small Business Development Corporation, our Audited Financial Statements for the fiscal year ended March 31, 1986.

During the year, the Board approved financing for 102 projects totalling $6.7 million in assistance to various small businesses throughout the Province. The projects involved close to 1,000 jobs, including both new and maintenance of existing employment. These figures are comparable with the corresponding results for the preceding year.

I would like to express my appreciation to the Directors, Officers, and Staff of the Corporation for their dedication and support during the year.

Respectfully submitted,

Frank T. Barber

Frank T. Barber
Chairman

Small Business Development Corporation

"There is hereby established a body corporate to be known as the Small Business Development Corporation. The Corporation may, subject to the regulations, render to small business financial assistance, or such other assistance as may be determined by the regulations, which in the opinion of the Board will encourage, sustain, improve or develop small business in the Province."

The Small Business Development Corporation reports to the Legislature through:

The Minister of Development
The Hon. Roland J. Thornhill
Province of Nova Scotia

Board of Directors

Small Business
Development Corporation

"The general administration of the affairs, property and assets of the Corporation is vested in the Board." (Small Business Development Act)

F.T. Barber	**Chairman**

R.E. Barkhouse	**Directors**
F.C. Bettens	
R.P. Dexter	
O.P. Harkins	
D. Hill	
M. Kelly	
D.L. Macaulay	
E. MacIntosh	
G.R. Muise	
H. Norve	
J.P. O'Neil	
F.B. Peters	
R.A. Prest	
R. Publicover	
R.J. Thornhill	
W.T. Withers	

Administration

H.W. Clarke	**Executive Director**
D.G. Holland	**Assistant Director and Secretary**
M. Howie	**Legal Counsel**

Auditor's Report

Small Business
Development Fund

Nova Scotia

Auditor General

P.O. Box 793
Halifax, Nova Scotia
B3J 2V2

AUDITOR'S REPORT

To the Chairman and Directors of the
Small Business Development Corporation, and to
the Minister of Development

I have examined the balance sheet of the Small Business Development Corporation as at March 31, 1986 and the statement of continuity of fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Small Business Development Corporation as at March 31, 1986 and the continuity of the fund for the year then ended, in accordance with the accounting policies set out in Note 2 of the financial statements, applied on a basis consistent with that of the preceding year.

O.P. Cormier

O.P. Cormier, F.C.A.
Auditor General

Halifax, Nova Scotia
June 11, 1986

Small Business
Development Corporation

Balance Sheet

As at March 31, 1986

Small Business Development Fund

Assets

	1986	1985
Loans receivable (Note 3)	$16,441,221	$14,646,802
Due from Consolidated Fund		
Loans authorized but unadvanced	2,730,319	2,135,866
Guarantees (Note 4)	999,146	1,004,435
Free balance	11,803,779	2,416,344
	15,533,244	5,556,645
	$ 31,974,465	**$ 20,203,447**

Fund Balance

Small Business Development Fund	$33,878,722	$22,302,269
Less: Allowance for doubtful accounts	1,904,257	2,098,822
	$ 31,974,465	**$ 20,203,447**

Approved on Behalf of the Board

Small Business Development Corporation

Derek T. Barber Chairman

Member

Department of Development
Province of Nova Scotia

Statement for Continuity of Fund

For the year ended March 31, 1986

Small Business Development Fund

	1986	1985
Balance, beginning of year	$22,302,269	$22,710,082
Add: Authorizations during the year	12,000,000	—
Recovery of accounts written off	1,525	—
	34,303,794	22,710,082
Less: Accounts written off	425,072	407,813
Balance, end of year	**$ 33,878,722**	**$ 22,302,269**
Comprising:		
Loans advanced and guarantees in effect	$19,014,309	$ 17,027,204
Loans authorized but unadvanced and guarantees not in effect	3,060,634	2,858,721
Free balance	11,803,779	2,416,344
	$ 33,878,722	**$ 22,302,269**

Small Business Development Corporation

Department of Development
Province of Nova Scotia

Notes to Financial Statements

Small Business Development Fund

1. Authority

The Small Business Development Fund was established pursuant to the Small Business Development Act. The purpose of the Fund is to finance the activities of the Small Business Development Corporation.

The objective of the Corporation is to promote the economic well-being of the Province by rendering financial assistance to small business.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the following policies.

Administrative Expenses, Interest Revenue and Expense

Administrative expenses of the Board and the differential between capital advance interest charges from the Department of Finance and the interest revenues earned on loans are included in the expenditures of the Department of Development.

These amounts are not reflected in the attached financial statements, nor is accrued loan interest receivable included as well.

3. Loans Receivable

	1986	1985
Loans receivable	$17,063,579	$15,408,749
Foreclosed assets and properties held for sale	865,059	483,799
Deficiency balances	84,986	434,011
	18,013,624	16,326,559
Less: Allowance for doubtful accounts	1,572,403	1,679,757
	$ 16,441,221	$ 14,646,802

Small Business Development Corporation

Notes to Financial Statements

Small Business Development Fund

4. Guarantees

	1986	1985
Guarantees in effect	$ 1,000,685	$ 700,645
Guarantees not in effect	330,315	722,855
	1,331,000	1,423,500
Less: Allowance for guarantees likely to be honoured	331,854	419,065
	$ 999,146	$ 1,004,435

Small Business Development Corporation

Small Business
Development Corporation

Authorization by Industry Sector

		1986		1985	
		%	Amount	%	Amount
Manufacturing	Metal Fabrication & Machinery	7	$ 483,500	9	$ 592,500
	Wood, Plastic & Concrete	17	1,132,700	7	448,500
	Textiles	6	350,000	1	80,000
	Food (including Fish Processing)	9	611,000	13	801,000
	Electronics	2	143,000	4	254,000
	Marine Related	—	—	4	215,000
	Printing & Related	7	481,200	2	116,000
	Miscellaneous	—	18,000	0	11,000
	Sub Total	**48**	**3,219,400**	**40**	**$2,518,000**
Services	Tourist and Entertainment	15	$ 998,000	12	$ 791,000
	Transportation	4	280,000	11	703,000
	Offshore	1	50,000	4	250,000
	Business and Personal	4	264,900	4	268,500
	Agriculture	—	25,000	5	310,000
	Construction	1	69,000	2	142,000
	Miscellaneous	—	30,000	1	11,000
	Sub Total	**25**	**1,716,900**	**39**	**$2,475,500**
Trade	Retail & Wholesale Sub Total	**27**	**$1,796,000**	**21**	**$1,354,000**
Total Authorizations		**100**	**$6,732,300**	**100**	**$6,347,500**

Small Business
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Applications and Authorizations		1986 #	1986 Amount	1985 #	1985 Amount
Total Applications Processed		178	$13,079,583	166	$11,051,002
	Average Amount		$ 73,481		$ 66,572
Applications Authorized		102	$ 6,732,300	109	$ 6,347,500
	% of Total	57%	51%	66%	57%
Applications Declined		32	$ 2,428,293	20	$ 1,391,020
	% of Total	18%	19%	12%	13%
Applications Withdrawn and Deferred		44	$ 3,918,990	37	$ 3,312,482
	% of Total	25%	30%	22%	30%

Purpose of Authorizations	%	Amount	%	Amount
To Establish a New Business	33	$ 2,234,500	24	$ 1,533,000
To Expand an Existing Business	60	$ 4,058,800	68	$ 4,303,500
Other Miscellaneous Purposes	7	$ 439,000	8	$ 511,000

Small Business
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Distribution of Authorizations by Size		1986 #	1986 %	1985 #	1985 %
$0 to	$25.000	33	32	36	33
$25.000 to	$50.000	24	24	33	30
$50.000 to	$100.000	27	26	19	17
$100.000 to	$250.000	18	18	21	20
	Total	**102**	**100**	**109**	**100**

Distribution of Authorizations by Project and Source		%	Amount	%	Amount
Project Cost	Land and Buildings	53	$ 5,475,334	43	$ 4,214,411
	Machinery and Vehicles	32	3,271,095	29	2,868,139
	Working Capital	14	1,447,511	27	2,567,620
	Miscellaneous	1	61,656	1	116,800
	Total	**100**	**$10,255,596**	**100**	**$ 9,766,970**
Financing	SBDC Loan	63	$ 6,469,800	57	$ 5,524,000
	SBDC Guarantee	2	262,500	8	823,500
	New Equity Investment	14	1,393,045	16	1,581,839
	Other Lenders	8	797,700	8	781,500
	Miscellaneous	13	1,332,551	11	1,056,131
	Total	**100**	**$10,255,596**	**100**	**$ 9,766,970**

Offices

Small Business
Development Corporation

Main Office

Dartmouth Professional Centre
277 Pleasant Street, Suite 100
Dartmouth, Nova Scotia
B2Y 4B7

902-424-4920

and co-ordinated with

Department of Development Regional Offices

Cape Breton	564-8241	295 Charlotte St., **Sydney,** B1P 1C6
Strait of Canso	625-3200	Professional Bldg., Church Street, **Port Hawkesbury,** B0E 2V0
	863-5707	Antigonish Municipal Bldg., 42 West St., **Antigonish,** B2G 2H5
Metro East	424-6767	1800 Argyle St., P.O. Box 519, **Halifax,** B3J 2R7
Northumberland	662-3339	Admin. Bldg., Debert Air Industrial Park, Box 100, **Debert,** B0M 1G0
	752-1011	56 Provost St., P.O. Box 1021, **New Glasgow,** B2H 5N8
	667-3223	40 Anson Ave., Amherst Industrial Park, **Amherst,** B4H 4A1
South Coast	543-9121	Provincial Bldg., 99 High St., **Bridgewater,** B4V 1V8
	742-8404	Provincial Bldg., 10 Starrs Rd., **Yarmouth,** B5A 2T1
Valley	678-3386	Annapolis Valley Industrial Mall, Box 524, **Kentville,** B4N 3X3
	825-4545	131 Commercial St., Box 39, **Middleton,** B0S 1P0